



## Minutes of Audit Committee, Tuesday 10 November 2020

*The meeting was conducted remotely by Zoom*

*Present* Mr D McCarthy (Chair), Ms B Collins, Professor L Hogan, Professor R Reilly, Professor A Burke

*(ex officio)* Acting Internal Auditor/Secretary (Ms F McAuliffe), Secretary to the College (Mr J Coman)

*In Attendance* Deputy Internal Auditor (Ms A Cooney), Ms M Thompson

Assistant Internal Auditor (Ms Y Coutts) attended for item AD/20-21/20

Mr P Kinsley and Mr A Fennell of the Office of the Comptroller and Auditor General and Ms C Mullen and Mr R Hobson of KPMG attended for items AD/20-21/22 together with the Chief Financial Officer (Mr P Reynolds) and the Deputy Chief Financial Officer (Ms L Ryan)

The Vice-Provost/Chief Academic Officer (Professor J Barkhoff), Chief Operating Officer (Ms G Ruane) and Chief Financial Officer attended for item AD/20-21/23

The Chief Operating Officer and the Director of Student Services (Ms B Walls) attended for item AD/20-21/24

(Items of specific interest to the Board are denoted by **XXX**)

### **AD/20-21/16 Statements of Interest**

The Chair invited members to declare any potential conflict of interest they may have in relation to items on the Agenda. The Chair advised that Professor Hogan had declared a potential conflict of interest in regard item 4 on Agenda "Communication received by Chair" and would join the meeting following consideration of this item.

### **AD/20-21/17 Communication received by the Chair**

The Committee discussed the draft Report on the Communication Received which had been circulated. The Committee agreed that the report accurately represented the Audit Committee's consideration of the matter in the period since January 2020 and appropriately reflected the conclusions of the Committee. In response to a query, the Acting Internal Auditor advised that the documentation on the matter would be held by Internal Audit as secretariat to the Audit Committee.

#### **Action:**

The Acting Internal Auditor to provide the final Report on Communication Received to the Audit Committee at the next meeting.

*Professor Hogan joined the meeting*

*The Secretary to the College joined the meeting by invitation*

**AD/20-21/18 Minutes**

The draft minutes of 29 September 2020 were approved.

**AD/20-21/19 Call-over**

The Committee noted the actions which had been implemented since the previous meeting and those that remained outstanding.

**AD/20-21/20 Matters Arising**

The Chair advised that following the retirement of Mr F Sheeran in September, Ms F McAuliffe has been appointed as Acting Internal Auditor for a three-month period. The Committee noted that a recruitment process for the Internal Auditor is in process.

As agreed at the last Committee, the Acting Internal Auditor briefed members on a forthcoming 'Audit Committee Member Training' course run by the Institute of Public Administration that may of interest to members and requested members to advise her if they are interested in attending.

The Acting Internal Auditor advised the Committee of a delay in the on-going Audit of IT Security which is being undertaken by BDO on behalf of the University. The Audit Committee noted that delays arose due to lack of engagement from relevant management as a result of competing priorities. The Acting Internal Auditor confirmed that the report is now expected to be finalised by March 2021.

**AD/20-21/21 Audit of Trinity Brand Commercial Services Ltd.**

The Chair welcomed Assistant Internal Auditor, Ms Y Coutts to the meeting for consideration of the Audit of Trinity Commercial Services Ltd. (TBCSL) report, which had been circulated. The Acting Internal Auditor briefed the Committee on the background to the Audit and invited Ms Coutts to present the key findings of the Audit Report.

Ms Coutts advised the Committee that Trinity Brand Commercial Services Ltd (TBCSL) is a commercial company limited by shares and as a 100% subsidiary of Trinity College Dublin is consolidated within the University's financial statements. The Committee noted that, as outlined in the original TBCSL Business Plan, the main objective of the company is to deliver on the commercial internationalisation of the Trinity brand through developing and marketing a range of Trinity merchandise. Ms Coutts advised that a revised business plan expanding the activities of TBCSL and reflecting revised operational processes was under consideration at the time of the audit and has subsequently been approved.

Ms Coutts advised that purpose of the audit was to assess the adequacy and effectiveness of the oversight and monitoring of TBCSL including the governance and internal control framework in place.

Ms Coutts advised that TBCSL implemented Oracle in July 2019 and the majority of its financial processes and controls now mirror that of the University. While a Service Level Agreement (SLA) is in place outlining the provision of services between TBCSL and the University and related charges, the Committee noted that the SLA has not been updated to reflect the additional services now provided by TCD but that an updated SLA is currently being drafted. In addition, Ms Coutts advised that

document retention could be improved to enhance controls and increase the level of assurance provided to the Boards of both TBCSL and the University.

The Committee noted that legal advice obtained in 2016, confirming that TBCSL does not fall under the definition of a body governed by public law and is therefore not subject to public procurement and other public body requirements, was based on the activities and operations of TBCSL envisaged within the original business plan. Ms Coutts advised that due to additional activities of TBCSL and significant changes in its operational processes, Internal Audit recommended that TBCSL management should seek specific updated legal advice confirming that TBCSL, in its current form, does not fall under the definition of a body governed by public law.

Ms Coutts answered a number of queries from members regarding the findings of the Audit of TBCSL and confirmed that recommendations had been accepted by management.

The Secretary to the College informed the Committee that he was a Director of TBCSL and that if the Committee wished, he would withdraw from the meeting for any further discussion. The Audit Committee noted the Secretary's position as Director of TBCSL and agreed that appropriate for him to remain for the discussion. As a Director of TBCSL, the Secretary confirmed that the report was considered by the TBCSL Board and recommendations accepted.

In conclusion, the Committee noted the findings and recommendations of the Audit of Trinity Brand Commercial Services Ltd.

The Chair thanked Ms Coutts for her presentation and she withdrew from the meeting.

**AD/20-21/22 Plan for the Audit of the 2019/2020 Accounts**

**XXX**

The Chair drew the Committee's attention to the following documents which had been circulated for consideration under this item:

- KPMG Audit Strategy and Plan for the year ending 30 September 2020
- Audit Planning Memorandum from the Office of the Comptroller and Auditor General for the ended 30 September 2020

The Chair welcomed the Chief Financial Officer, the Deputy Chief Financial Officer together with Ms Mullen and Mr Hobson of KPMG and Mr Kinsley and Ms Fennell of the Office of the Comptroller and Auditor General to the meeting for consideration of the Audit Plan for the 2019/2020 financial statements. The Chair commented that the Committee is intensely interested in the process, particularly in light of the challenges posed by the Covid-19 Pandemic.

The Chair invited Ms Mullen to present the highlights of the KPMG Audit Strategy and Plan. Ms Mullen outlined the approach KPMG intend to take in their audit of the University's 2019/2020 financial statements, commenting that it was broadly consistent with the approach taken in previous years. Ms Mullen added that Trinity is required to submit audited US GAAP financial statements to the US Department of Education every three years and confirmed that KPMG will be conducting this audit.

Ms Mullen drew the Committee's attention to key audit risks and areas of audit focus. In particular, Ms Mullen drew the Committee's attention to the impact of the Covid-19 Pandemic on the assessment of the University as going concern. Noting that the University had established the Emergency Financial Planning Group in April 2020 as part of a number of new governance structures in response to the Pandemic, Ms Mullen noted that budgetary projections for 2021 are well advanced and will be presented to Board in December. Ms Mullen advised that KPMG will examine these budgets in detail and will evaluate whether the assumptions used by management in the going concern assessment projections are reasonable.

Ms Mullen also reported that they will examine the University's assessment of its compliance with the financial covenants on its borrowings.

Ms Mullen informed the Committee that the materiality for the financial statements had been set at the lower end of the range and set at a lower level than last year, which will give greater assurance to the University.

Ms Mullen reported that KPMG have carried out detailed planning with the FSD and they do not expect any issues to arise, but Ms Mullen assured the Committee that should any significant issues arise during the audit they would be brought to the attention of the Chief Financial Officer and the Chair of the Audit Committee on a timely basis.

Ms Mullen confirmed that KPMG will make their papers available to C&AG as in previous audits. Whilst acknowledging the challenges of remote working during the Covid-19 Pandemic, Ms Mullen assured the Committee that KPMG have conducted a number of very significant audits since the advent of the Pandemic without any delays and do not anticipate any issues with the Trinity audit. Ms Mullen stressed the importance of all areas in the University providing requested information in a timely and efficient manner in order to achieve proposed timelines.

Mr Hobson then briefed the Committee on areas of audit risk in detail and the proposed audit approach associated with them. In regard to pension obligations, Mr Hobson confirmed that KPMG as in previous years will, in the absence of a letter of confirmation from the HEA, continue to issue a qualification in their audit report for part of the pension asset.

The Chief Financial Officer advised that the FSD are satisfied with the Audit Plan and agreed timelines. He advised the Committee that he expects the audit to be 95% complete prior to Christmas and that this is in line with previous years. He assured the Committee that the FSD have transitioned relatively seamlessly to remote working, have been able to address any challenges to-date and he does not anticipate any issues with the audit.

The Chair then invited Mr Kinsley and Ms Fennell of the Office of the Comptroller and Auditor General to comment on the Audit Plan and their Audit Planning memorandum, which had been circulated. Mr Kinsley advised the Committee that the C&AG relies on the audit work performed by KPMG to the greatest extent possible but will also carry out additional propriety and regularity work in line with their specific remit.

Mr Kinsley also drew the Committee's attention to a number of high-level risks that the C&AG expect to focus on during the audit, commenting that these will be updated as part of the C&AG planning once KPMG have completed their work and their papers reviewed.

Mr Kinsley advised that, in light of Covid-19, the C&AG will also review going concern assessment and documentation and evaluate the assessment and support for any assumptions.

Mr Kinsley advised that it is expected that much of their audit work will continue to be conducted remotely which presents challenges, but they are working with KPMG to overcome any difficulties and have had no major problems to-date.

Mr Kinsley advised that in as in previous years, the C&AG do not issue a qualification in regard to recognition of a pension asset and will treat it as an "emphasis of matter".

In conclusion, the Committee welcomed the comprehensive nature of the Audit Plans presented. The Committee stressed that should any issues arise during the audit, they should be brought to the attention of the Audit Committee.

The Chair thanked the teams from the C&AG and KPMG, as well as the Deputy Chief Financial Officer, for their contribution and they withdrew from the meeting. The Chief Financial Officer remained for the consideration of the next Agenda item.

**AD/20-21/23 Audit Recommendations Log**

**XXX**

The Chair welcomed the Vice-Provost/Chief Academic Officer and the Chief Operating Officer to the meeting for consideration of the Audit Committee Recommendations Log. Acknowledging the ongoing challenges of the Covid-19 Pandemic, the Chair thanked the Divisional Heads for their work on progressing the implementation of recommendations and invited the Chief Operating Officer to brief the Committee on the current iteration of the Log.

The Chief Operating Officer drew the Committee's attention to a short presentation on the Log, which had been circulated in advance and summarised the main changes in the Log since it was last considered by the Committee in April 2020. The Committee noted that there were 48 outstanding items on the Log in April 2020 and the latest iteration contained 61 outstanding items. The Chief Operating Officer briefed the Committee on the outstanding items in the CSD division, with particular reference to the Academic Registry and Human Resources. Commenting on the work carried out in Human Resources, she noted that the Director of Human Resources would be happy to provide a detailed update on ongoing projects and developments to the Audit Committee. The Committee agreed to invite the Director of Human Resources to the next meeting.

The Vice-Provost/Chief Academic Officer summarised the outstanding items in his division. He advised the Committee that work is ongoing in regard to the financial sustainability of TRIs, that it is quite a complex matter and continues to be monitored by the Dean of Research, although this position is currently vacant. He advised that the Institutional Review has been postponed from November 2020 to October 2021 and he expects this Report to be presented to Council and Board in February 2022.

The Chief Financial Officer advised that of the 19 outstanding items in his division, 14 relate to the recent Audit of Procurement and that there was a clear plan in place to resolve these items in the current financial year. He advised that remaining items in his division will be resolved by the FIS Transition Programme.

The Secretary to the College advised the Committee of actions being taken to address a number of outstanding items within his remit, including Data Protection and Policy Management.

During a brief discussion, the Committee welcomed the management update on the Audit Recommendations Log. The Committee raised some queries on actions being taken to address the outstanding recommendations, reiterating the importance of completing outstanding items in a timely manner. Whilst acknowledging the progress made on the Log, the Committee expressed concern that they are still a significant number of items that have been on the Log for more than 12 months. The Committee proposed that it would be useful for timelines to completion to be reported as part of the management update on the Log and the Divisional Heads agreed to this. The Acting Internal Auditor agreed to follow up with the Office of the Chief Operating Officer to implement this proposed amendment to the management update.

In conclusion, the Committee noted that, in line with the agreed process, Internal Audit will conduct a Review of Completed and Risk Accepted Recommendations.

The Chair thanked the Divisional Heads for the update on the Audit Committee Recommendations Log.

The Vice-Provost/Chief Academic Officer and the Chief Financial Officer withdrew from the meeting. The Chief Operating Officer remained for the next Agenda item.

**Action:**

**23.1** The Acting Internal Auditor to follow up with Office of the Chief Operating Officer to implement the agreed additions to the management update on the Audit Recommendations Log.

**23.2** The Director of Human Resources to be invited to provide a presentation on recent developments to the Audit Committee at the next meeting.

**AD/20-21/24 Update on Academic Registry**

The Chair welcomed the Director Student Services, Ms B Walls, to the meeting. He drew the Committee's attention to her memorandum and presentation dated 27 October 2020, which had been circulated and invited the Director of Students Services to update the Committee.

Introducing the update, the Director of Student Services advised the Committee that Academic Registry has been under immense pressure since the advent of the Covid-19 Pandemic and has carried out huge work to meet the challenges posed by the Pandemic.

Ms Walls advised that since its creation in 2013, Academic Registry has continued to develop and evolve, extending its remit and supporting growing number of students from admissions to graduation and provides critical activities to the University. The Committee noted that since 2015/16, Academic Registry resources have remained static despite significant growth in the work of the area.

The Director of Student Services reported that the ability to deliver critical activity and meet the service expectations of students and staff has been hampered by resource shortages. The Committee noted that a case for increased resources to support workload and initiate further automation of activity has recently been presented to and approved by the Planning Group and Executive Officers.

The Director of Students Services briefed the Committee on steps to improve each area of activity within the Academic Registry.

During a subsequent discussion, the Committee welcomed the comprehensive overview and update on the Academic Registry, acknowledging the significant increase in the scale and complexity of its work. Whilst welcoming additional resources, the Committee stressed that additional resources may not address all issues, including issues of culture and leadership and also noted that there is scope for a more streamlined relationship with Schools. The Director of Student Services briefed the Committee on work completed to-date and plans to address and resolve these issues. In response to a query on the timelines for additional resources, the Director of Student Services advised that some resources are expected to be place before Christmas.

In conclusion, the Committee acknowledged that all issues cannot be resolved overnight but welcomed the approval of additional resources and the progress made in the current difficult circumstances.

The Chair thanked the Chief Operating Officer and the Director of Student Services for the update and they withdrew from the meeting.

*The Secretary to the College withdrew from the meeting*

**AD/20-21/25 Audit Committee Self-Evaluation and Internal Audit Self-Assessment**

Introducing the item, the Chair drew the Committee's attention to the following documents, which had been circulated:

- Memorandum from the Secretary to the Committee together with report on Audit Committee Self-Evaluation Results dated November 2020
- Memorandum from Acting Internal Auditor together with report on Internal Audit Self-Assessment dated October 2020

The Chair invited the Acting Secretary to the Committee to brief members on the results of the Committee's Self-Evaluation process. The Acting Secretary thanked the members for their input and advised that all scores and comments provided had been collated within the report. In particular, the Secretary advised that the overall ratings within the report are reported both inclusive and exclusive of responses received from two previous Audit Committee members, both of whom had completed six-year terms in 2018.

The Acting Secretary noted that members overall assessment of the performance of the Audit Committee is 3.8 (4.00 when considering the input of previous members) and indicates overall satisfaction with the performance. The Committee noted that the majority of responses provided by members were positive with 'Satisfactory' or better ratings in response to 93% of questions. The Acting Secretary noted that there are a number of areas where there is scope for improvement as identified by members.

During a subsequent discussion, members considered in detail the results of the Self-Evaluation Process. In particular, members noted the vacancy on the Committee and that the search for a suitable external member with financial expertise continues. The Committee discussed the appropriateness of issues brought before the Committee and considered its relationship with the Board of the University and University management, and how this could be enhanced.

In conclusion, the Committee agreed to reflect on the Committee's Self-Evaluation results and discuss again when considering the Committee's Terms of Reference at the next meeting.

The Chair then invited the Acting Internal Auditor to brief the Committee on the Internal Audit Self-Assessment report, which had been circulated to the Committee for information. The Acting Internal Auditor advised that Internal Audit recently undertook a Self-Assessment of its conformance to the professional standards of the Chartered Institute of Internal Auditors. The Committee noted that the Self-Assessment was undertaken using a tool developed by CHEIA to allow for the assessment of conformance and benchmarking against prescribed performance levels. The Acting Internal Auditor advised that the results of the Self-Assessment reflect a high level of conformance to the standards but several areas for improvement have been identified.

In response to a query from a member, the Acting Internal Auditor outlined the Quality Assurance and Improvement Programme of the Internal Audit function. The Acting Internal Auditor also confirmed that the Self-Assessment was the first step to undertaking an External Quality Assessment which would allow the function to refer to audits as 'conducted in conformance with Standards'.

The Committee noted and welcomed the Internal Audit Self-Assessment and the actions to be taken.

**AD/20-21/26 Audit Committee Terms of Reference**

The Committee agreed to defer the discussion of the Committee's Terms of Reference to their next meeting on 08 December 2020.

**Section C – For Noting**

**AD/20-21/27 Management Letters from C&AG and KPMG**

The Committee noted the management letters from the C&AG and the KPMG which had been circulated.

**AD/20-21/28 Letters of Engagement – Audit of the Financial Statements 2019/2020**

The Committee noted the letters of engagement re the Audit of the Financial Statements 2019/2020 which had been circulated.

**AD/20-21/29 C&AG Guidance Note**

The Committee noted the C&AG Note 'OCAG insights: The impact of Covid-19 on your control environment' dated September 2020, which had been circulated.

**AD/20-21/30 Board Papers**

The Committee noted the Board Agendas and minutes which had been circulated for noting.